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IN THE

Supreme Court of the United States

October Term, 1974

Supreme Court
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MICHAEL RODAK, JR.

No. 74-1248

ARMSTRONG CORK COMPANY,
Petitioner,

v.

CONGOLEUM INDUSTRIES, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

LEON M. GRAVES
30 Rockefeller Plaza
New York, New York 10020

LEWIS H. VAN DUSEN, JR.
1100 Philadelphia National Bank Building
Philadelphia, Pennsylvania 19107

Counsel for Respondent

Of Counsel:
PATRICK T. RYAN
DRINKER, BIDDLE & REATH
1100 Philadelphia National Bank Building
Philadelphia, Pennsylvania 19107

JOSEPH D. GARCIA
ALLAN H. BONNELL
BRADLEY B. GRIST
BRUMBAUGH, GRAVES, DONOHUE & RAYMOND
30 Rockefeller Plaza
New York, New York 10020

MICHAEL M. MANEY
LAWRENCE W. NELSON
GOLDMAN & CROSSWELL
[illegible] Wall Street
New York, New York 10005

[illegible]
[illegible]
[illegible] Drive
[illegible], New Jersey [illegible]

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BRIEF FOR RESPONDENT IN OPPOSITION

Respondent, Congoleum Industries, Inc., submits that there is no basis in the record for granting the Petition, either as a matter of law or in the exercise of this Court's extraordinary and discretionary jurisdiction. The extensive proceedings in the courts below dealt almost exclusively with factual issues, and no significant issues of law were raised by either party.

Petitioner, Armstrong Cork Company, apparently contends in Question "A" that the patents in suit are invalid because the claims are functional. By Armstrong's own

admission, however, there is no merit whatever to that contention.

The second question presented is equally inapposite in that it assumes—contrary to the facts—that Congoleum and its licensee were in competition with each other.

I Counterstatement of Questions Presented

A. Whether this Court should reconsider the factual determination by the District Court, affirmed by the Court of Appeals, that one skilled in the art can determine infringement from the specification and claims where the courts below found, and Armstrong has conceded, that the patents fully teach how to practice the invention and the claims are specific at the point of novelty?

B. Does a provision which on its face never became effective and which permits a patentee to establish the royalty on sublicenses of the patent, in a field in which the patentee is not and never has been in competition with its licensee, constitute misuse of the patent?

II Reasons for Denying the Petition

1. There are no legal issues of substance.

Armstrong submits that this is an important case. It is important in that it deals with an invention that has revolutionized the resilient floor covering field. However, its importance is limited to the parties and perhaps other companies in the floor covering field. This case does not present issues of law of such national interest as to require certiorari and review by this Court.

2. All issues have been exhaustively considered below.

The issues raised in this protracted patent case have been exhaustively considered. Litigation has now gone on for over eight years before five eminent federal judges. The Court of Appeals affirmed the "meticulous" findings* and conclusions of the District Court. There was extensive discovery involving over 20 experts on the part of Armstrong, extensive laboratory tests, 1,400 pages of discovery depositions and over 4,000 documents exchanged including reports on the several years of laboratory tests. The trial of the patent issues in the District Court took 33 days (between May 24 and July 9, 1971), involved 4,596 pages of testimony, 22 witnesses (3 by deposition) and 662 exhibits. The District Court, in a 55-page Opinion** (A-7), made 142 separate findings of fact.† The misuse issues were the subject of another trial in January, 1973, and were decided in an Opinion‡ of 21 pages (A-70).

Not only have the issues raised in the Petition for Certiorari been exhaustively considered by the District Court and the Court of Appeals, but Petitioner is seeking to relitigate the entire case in other pending actions being considered in the court below. For instance, the Petitioner by slightly shifting its process in substituting one type of peroxide (lauroyl peroxide) for another (benzoyl peroxide) has caused an additional exhaustive trial lasting nine weeks in *Armstrong Cork Co.* v. *Congo-*

* The District Court issued a 46-page Interim Memorandum giving its tentative view of the facts. Both parties filed extensive memoranda evaluating this document.

** Congoleum Industries, Inc. v. Armstrong Cork Co., 339 F. Supp. 1036 (E.D. Pa. 1972).

† The decision of the District Court was exhaustively reviewed as a result of a Rule 60(b) (2) motion by Armstrong.

‡ Congoleum Industries, Inc. v. Armstrong Cork Co., 366 F. Supp. 220 (E.D. Pa. 1973).

leum Industries, Inc., C.A. 73-18 (E.D. Pa. filed Jan. 4, 1973). Armstrong has brought two other cases against Congoleum involving related and, in some instances, almost identical issues. These cases are not yet ready for trial but are pending before the same District Court Judge. *Armstrong Cork Co., et al.* v. *Congoleum Industries, Inc., et al.*, C.A. 71-976 (E.D. Pa. filed Apr. 26, 1971) and *Armstrong Cork Co.* v. *Congoleum Industries, Inc.*, C.A. 74-919 (E.D. Pa. transferred Apr. 8, 1974)

There has been no lack of opportunity for the distinguished judges in the courts below to devote their attention to this matter. The public interest is not served by the repeated efforts of Armstrong to delay the conclusion of this case. The proceedings below disclose that this litigation, in nearly all respects, except as to its protracted nature, has been a normal patent suit and one essentially of fact determination rather than legal issues.

III Validity

1. Statement of invention

The invention relates to a method of manufacturing cushioned vinyl floor coverings with a three-dimensional embossed effect in perfect register with the printed design. The embossed effect is achieved by chemical means. The essence of the patents is that the embossing chemical used "substantially alters the temperature at which at least some of the blowing agent decomposes" in the vinyl composition which creates the cushion layer. In the District Court the numerous expert witnesses, experimental tests and other scientific evidence concentrated on the basic question: did the process formerly* used by Armstrong substantially

* Armstrong states that it has ceased utilizing the infringing process, which renders even less important the issues raised in this Petition.

alter the temperature at which the "blowing agent" expands? The District Court found that it did [FF129 (A-28)].

The District Court found that Congoleum's patents disclosed an invention which was an unobvious advance over the prior art [FF 87 (A-23); Conclusion of Law 2 (A-60)] *and this finding was not challenged by Armstrong in the Court of Appeals.*

2. The *United Carbon* case relied on by Armstrong is inapposite.

On the issue of validity, the only argument advanced by Armstrong in its Petition, to the extent it can be understood, is that the alleged lack of specificity of the patent claims runs counter to this Court's decision in *United Carbon Co.* v. *Binney Co.*, 317 U.S. 228 (1942). In fact, the claims of the patents in this case are quite specific as Armstrong has previously acknowledged:

> "All of the claims require *specifically* that the inhibitor act by *substantially altering the decomposition temperature* of the blowing agent. The prior art compels this limitation." (Armstrong Petition, pp. 7-8; Armstrong's emphasis)

The claims in the patents in suit, therefore, are unlike those in *United Carbon Co.* which were vague and indefinite as to what constituted the claimed invention. Also unlike the claims in *United Carbon* which were found not to distinguish the prior art, Armstrong has accepted the District Court's determination in Finding of Fact 87 (A-23) that the prior art "does not disclose or suggest the subject matter of the patents in suit", and in Finding of Fact 68 (A-20) that the only prior art cited by Armstrong [Gergen] is clearly distinguishable.

3. Armstrong ignores the trial court's finding of alteration.

Armstrong's argument that it cannot determine from the patents in suit whether the decomposition temperature of the blowing agent has been substantially altered in the Armstrong process and product is inconsistent with the factual determinations by the courts below as to the significance of the simple test and ignores the findings of fact that there was the alteration of "decomposition temperature of the blowing agent" which is called for by the claims of the patents in suit [FF 127, 128, 129 (A-28)].

IV Armstrong Had No Problem in Determining Infringement.

In its brief to the Court of Appeals, Armstrong conceded that measurement of the blowing agent could be used to determine whether there had been an alteration in decomposition temperature with respect to goods which were subjected to uniform heating. The trial court found, in light of the proofs, that in the Armstrong process the goods were uniformly heated [FF 108 (A-26)] and that there was an alteration in the decomposition temperature of the blowing agent [FF 127 (A-28)]. These findings of fact have been affirmed by the Court of Appeals for the Third Circuit.*

Congoleum advanced, and the District Court adopted, essentially the same basis for establishing infringement, in which direct measurements were made of the blowing agent (A-56).

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* The Court of Appeals for the Third Circuit made particular note of the "meticulous findings and conclusions of District Judge John B. Hannum" (A-2 to A-3).

1. The simple test also shows alteration.

Armstrong's attack on the sufficiency of the simple test as disclosed in the patents in suit ignores the significance of the direct measurements of the blowing agent to determine alteration, and is contradicted by the factual determination of the trial court that the simple test also shows whether a given compound is an inhibitor which alters the decomposition temperature of the blowing agent [FF 43, 46, 47 (A-16)]. All of these findings again were affirmed by the Court of Appeals.

The District Court pointed out in its discussion of these findings:

> "However, the specifications further set forth a 'simple test' by which the usefulness of any particular compound as an inhibitor may be determined. Therefore, where an unlisted compound is considered for use as an inhibitor, it should be checked by the simple test. *In this manner it can be ascertained whether a compound, even if not specifically listed in the patents, is an inhibitor within the meaning of the patents in suit.* It is therefore clear that a person skilled in the art can combine the written definition and the simple test found in the patents to form a composite specification which is sufficiently clear so that it may be established whether any given compound is an inhibitor." (A-43 and A-44; emphasis Congoleum's)

In view of Armstrong's acceptance of Conclusion of Law 4 (A-60), that the written description of the invention is "in such full, clear, concise and exact terms as to enable any person skilled in the art to make and use the invention", it is inconsistent for Armstrong now to take the position that the "simple test" is in some way deficient, and to ask this Court to reconsider all of the evidence sup-

porting the finding of fact by both courts below that by utilizing the simple test "... any person skilled in the art can determine a given compound's usefulness as an inhibitor ..." [FF 47 (A-16)].

V Misuse

Armstrong is attempting to extend the accepted law on *per se* antitrust violations in the area of price fixing between competitors to an agreement between Congoleum and its licensee, Inmont, because that agreement specified the royalty rate to be charged under the licensed patents. Inmont, however, never has been, is not, and presumably never will be a competitor of Congoleum in any field of commercial activity. Inmont had been acting as a general licensing agent for Congoleum. There never has existed any agreement between competitors or potential competitors, irrespective of the contents of such an agreement. Moreover, no agreement relating to royalties ever became operative, as it was cancelled before it became effective. No licenses were granted and no royalties were ever paid under any provision of the agreement to which Armstrong objects.

The courts have consistently held that a patentee is entitled to a proper reward for use by others of the patented invention, and is thus entitled to charge a royalty that it deems proper. The District Court recognized that Congoleum's licensing program was perfectly proper, including the license provision challenged in this Court [A-73-77]. *Brulotte* v. *Thys Co.*, 379 U.S. 29, 33 (1964). No case has even suggested that it is improper for a patentee to determine at what rate licenses and sublicenses can be granted by its licensing agent.

The decisions of this Court cited by petitioner have no relevance whatsoever to the issues in this case. In those cases this Court was concerned with illegal price-fixing agreements between *competitors* seeking to control the distribution and prices of commodities by fixing prices through either multiple cross-license agreements, illegal "tying" arrangements or pooling of patents. Not only the intent but the result of the agreements in those cases was to control distribution and prices. There is simply no conceivable connection between those decisions and the legitimate establishment of royalty rates between a patentee, on the one hand, and a licensing agent on the other, particularly where the two are not in competition with each other and where the agreement was inoperative and unenforced.

The Court of Appeals rightly refused to follow the petitioner's tortured reasoning to extend competitive price-fixing case law to a simple licensing program between a patentee and its licensing agent, and there is no reason for this Court to do so on the record of this case.

Conclusion

The Congoleum patents define the invention with specificity and clarity, and those skilled in the art have had no difficulty in understanding its terms. The licensing program followed by Congoleum, and in particular its licensing agreement with Inmont, was limited to its legitimate rights under the United States patent laws.

The issues raised by Petitioner were considered by the District Court and by the Court of Appeals with great care and found wanting as a matter of law and as a matter of fact. The issues are of little importance to anyone other

than the parties to this action, and the granting of a petition in this case could only be justified as an attempt to review specific evidence and specific facts, which would certainly be a futile time consuming use of this Court's discretionary power. *United States* v. *Johnson*, 268 U.S. 220, 227 (1925).

The petition for a writ of certiorari to the United States Court of Appeals for the Third Circuit should be denied.

May 5, 1975

Respectfully submitted,

EBEN M. GRAVES
30 Rockefeller Plaza
New York, New York 10020

LEWIS H. VAN DUSEN, JR.
1100 Philadelphia National Bank Building
Philadelphia, Pennsylvania 19107

Counsel for Respondent

Of Counsel:
PATRICK T. RYAN
DRINKER, BIDDLE & REATH
1100 Philadelphia National Bank Building
Philadelphia, Pennsylvania 19107

JOSEPH D. GARON
ALLAN H. BONNELL
BRADLEY B. GEIST
BRUMBAUGH, GRAVES, DONOHUE & RAYMOND
30 Rockefeller Plaza
New York, New York 10020

MICHAEL M. MANEY
LAWRENCE W. NELSON
SULLIVAN & CROMWELL
48 Wall Street
New York, New York 10005

RALPH M. JERSKEY
RICHARD T. LAUGHLIN
195 Belgrove Drive
Kearney, New Jersey 07032